fuels along with localized distribution. For successful implementation of distributed generation and for involvement of local entrepreneurs and agencies, the Rural Electric Supply Technology Mission (REST), under the auspices of the Ministry of Power, was constituted on September 11, 2002. The terms of reference of the Mission are to :—

(i) Evolve a strategy based on technology which could provide for low cost power generation and low cost of delivery in the rural areas which can be managed by local institutions like Village Panchayats and NGOs.

(ii) Identify feasible size of generating units for different fuels, which are locally available, and for mini and micro hydel projects.

(iii) Suggest type of technologies to be adopted for setting up local distribution networks with or without connectivity to the Grid and to cover at least 25% of the villages in the country under the Mission.

(iv) To assess funds requirement for the next two Plans.

Impact of Gas Discovery of Reliance/NIKO consortium

848. SHRI ASHWANI KUMAR :

Will the Minister of POWER be pleased to state :

(a) whether the gas discovery by the Reliance/NIKO consortium would positively impact the incremental addition to the power generating capacity in the country and whether NTPC and other organizations would be encouraged to opt for gas based power generation; and

(b) if so, how the discovery of gas reserves will impact on the price of power generated ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) : (a) and (b) As far as National Thermal Power Corporation (NTPC) is concerned, they have resorted to International Competitive Bidding for sourcing of gas for gas based power projects.

Analysing the functioning of SEBs

849. SHRI N.K. PREMACHANDRAN : Will the Minister of POWER be pleased to state :

(a) whether Government have conducted any qualitative analysis of the functioning of State Electricity Boards and norms adopted for such evaluation;

(b) the classifications assigned to the Kerala State Electricity Board;

(c) whether Government propose to extend future financial assistance on the basis of classification and if so, the loss likely to be sustained by the Kerala State Electricity Board;

(d) whether the Kerala State Electricity Board requested to review the classification; and

(e) if so, the decision taken in the matter ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) (a) Yes, Sir. M/s. Credit Rating Information Services of India Limited (CRISIL) and M/s. Investment and Credit Rating Agency Limited (ICRA) have been entrusted by PFC with the task of carrying out rating of the State Electricity Boards/Utilities. Norms adopted are given in Statement (*See* below).

(b) The Kerala State Electricity Board was assigned a rating score of 27.5 against the maximum score of 100.

(c) Government of India is striving for achieving financial turn around of State Electricity Boards (SEBs)/Utilities so as to enable them to become commercially viable. In order to achieve this objective, Government of India have initiated several steps, including reforms and financial performance related assessment of SEBs/Utilities by independent rating agencies. The rating exercise would be a periodic assessment of these SEBs/Utilities, which would capture improvements made by them in future. A view has been expressed that these ratings could be used as one of the tools to provide for a graded response by Ministry of Power to SEBs/utilities with reference to their achieving these various milestones of reforms agreed to in the Memorandum of Understanding (MoU) signed between the State Governments and the Government of India.

(d) Yes, Sir.

(e) On the basis of clarification/additional information provided by the Kerala State Electricity Board, M/s. CRISIL has revised their rating from 27.5 to 32.5.

Statement I

PARAMETERS FOR RATING OF SEBs/UTILITIES

	Maximum Score
I. **EXTERNAL FACTORS**	
A- State Government related parameters	
A-1- Existence of formal Action Plan for time bound reforms	5.0
A-2 -3 Year tack record on subsidy payments	5.0
A-3 - Sustainability of subsidy	5.0
A-4 - Legislation for power sector reforms	5.0
B - SERC related parameters	
B-1 - Infrastructure	5.0
B-2 - Timeliness of Orderss	5.0
B-3 - Tariff philosophy	10.0
II. **INTERNAL FACTORS**	
C - Business Risk analysis	
C -1 - Generation	6.0
C- 2 - Transmission and Distribution	19.0
D - Financial Risk Analysis	
D -1 - Gearing level (Total Debt/Adjusted Networth)	2.5
D-2- Revenues from sale of power/ (Power purchase cost +own generation costs including Fuel and operating and maintenance cost)	3.5
D-3 - Revenue from sale of power/ (All operating cost + Interest costs)	5.0
D-4- Actual Debt record of debt servicing	5.0
D-5 - Power purchase and fuel purchase creditors	2.5
D-5 - Level of receivables (Days of sales)- For DISCOMS	2.5
D-6 - Funding of pension and gratuity liabilities	3.0
D-7 - Projections	6.0
E- others	**5.0**
TOTAL SCORE	100.0